

Senate File 17 - Introduced

SENATE FILE 17
BY HATCH

A BILL FOR

1 An Act establishing a self-employment assistance program
2 for recipients of unemployment compensation benefits and
3 providing a termination date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 96.45 Self-employment assistance
2 program.

3 1. *Definitions.* As used in this section, unless the context
4 otherwise requires:

5 a. "*Self-employment assistance activities*" means activities
6 approved by the director in which an individual participates
7 for the purpose of establishing a business and becoming
8 self-employed. Self-employment assistance activities include
9 but are not limited to entrepreneurial training, business
10 counseling, and technical assistance.

11 b. "*Self-employment assistance allowance*" means an amount
12 payable in lieu of regular benefits under this chapter to
13 an individual participating in self-employment assistance
14 activities in accordance with this section. Self-employment
15 assistance allowance amounts shall be paid from the
16 unemployment compensation fund.

17 2. *Self-employment assistance allowance — amount.* The
18 weekly amount of the self-employment assistance allowance
19 payable to an individual is equal to the weekly regular benefit
20 amount. The sum of the self-employment assistance allowance
21 paid under this section and the regular benefits paid under
22 this chapter with respect to any benefit year shall not
23 exceed the maximum benefit amount payable under section 96.3,
24 subsection 5, with respect to that benefit year.

25 3. *Eligibility requirements.* The following eligibility
26 requirements apply to the payment of a self-employment
27 assistance allowance under this section.

28 a. An individual may receive a self-employment assistance
29 allowance if the following requirements are met:

30 (1) The individual is eligible to receive regular benefits
31 or would be eligible to receive regular benefits except for the
32 requirements described in paragraph "b", subparagraphs (1) and
33 (2).

34 (2) The individual is identified by a worker profiling
35 system as an individual likely to exhaust regular benefits.

1 (3) The individual has submitted an application form and an
2 initial business plan as prescribed by the director.

3 (4) The individual's initial business plan has been
4 reviewed for feasibility and financial viability by the
5 department in consultation with a small business development
6 center associated with Iowa state university of science and
7 technology, business accelerators, business incubators, or
8 the John Pappajohn entrepreneurial centers. An individual
9 shall not be approved for a self-employment assistance
10 allowance unless the department finds the individual's initial
11 business plan feasible and financially viable. Upon request,
12 the department shall advise an individual as to resources
13 available in the state to aid in the development of a feasible,
14 financially viable, initial business plan.

15 (5) The individual has obtained any occupational
16 certification or license necessary to carry out the
17 individual's initial business plan prior to the submission of
18 an application form and an initial business plan.

19 (6) The individual has filed a weekly claim for the
20 self-employment assistance allowance and provides a log of
21 self-employment activities and any other information the
22 director prescribes.

23 *b.* The self-employment assistance allowance shall be payable
24 to an individual at the same intervals and on the same terms
25 and conditions as regular benefits under this chapter except
26 for the following:

27 (1) The provisions of this chapter regarding being
28 available for work, actively seeking work, and refusing to
29 accept suitable work are not applicable to such an individual.

30 (2) The requirements of this chapter relating to
31 disqualifying income are not applicable to income earned from
32 self-employment by such an individual.

33 *c.* An individual who meets the requirements of this section
34 shall be considered to be totally unemployed under section
35 96.19, subsection 38, paragraph "a".

1 *d.* An individual who fails to actively engage on a full-time
2 basis in self-employment assistance activities is ineligible to
3 receive the self-employment assistance allowance for each week
4 in which such failure occurs.

5 4. *Limitation on number of individuals receiving a*
6 *self-employment assistance allowance.* The number of individuals
7 receiving the self-employment assistance allowance at any time
8 shall not exceed five percent of the number of individuals
9 receiving regular benefits.

10 5. *Financing the costs of the self-employment assistance*
11 *allowance.* The self-employment assistance allowance shall be
12 charged to employers in the manner provided in this chapter for
13 the charging of regular benefits.

14 6. *Implementation.* The director shall administer this
15 section in consultation with the small business development
16 center associated with Iowa state university of science and
17 technology, business accelerators, business incubators, and
18 the John Pappajohn entrepreneurial centers. In adopting
19 rules to administer this section, the director, insofar as is
20 practicable, shall comply with the rules and policies of the
21 United States department of labor.

22 7. *Termination date.* The authority to pay self-employment
23 assistance allowances under this section terminates at the
24 end of the week preceding the date when federal law no longer
25 authorizes such payment, unless that date is on a Saturday in
26 which case the authority terminates on that date.

27

EXPLANATION

28 This bill establishes a self-employment assistance
29 program which provides unemployment compensation benefits to
30 individuals seeking to be self-employed. These benefits are
31 paid instead of regular unemployment compensation benefits.
32 Authority to establish the program is provided by federal law
33 at 26 U.S.C. § 3306(t).

34 The bill defines self-employment assistance activities
35 and self-employment assistance allowance. Self-employment

1 assistance activities are intended to enable an individual
2 to establish a business and become self-employed and include
3 entrepreneurial training, business counseling, technical
4 assistance, and any other activities approved by the director
5 of the department of workforce development. The bill provides
6 that the weekly self-employment assistance allowance payable to
7 an individual is equal to the weekly benefit amount for regular
8 unemployment benefits and the maximum yearly allowance is the
9 same as the maximum yearly, regular unemployment benefits
10 currently allowable. Charges to employers are made in the
11 same manner as charges to employers for regular unemployment
12 benefits.

13 The bill establishes eligibility requirements for an
14 individual's acceptance into the self-employment assistance
15 program. An individual must be identified by a worker
16 profiling system as an individual likely to exhaust regular
17 unemployment compensation benefits. An individual must
18 submit an application form and an initial business plan. The
19 department of workforce development, in consultation with
20 a small business development center associated with Iowa
21 state university, business accelerators, business incubators,
22 or the John Pappajohn entrepreneurial centers, must review
23 the individual's initial business plan for feasibility and
24 financial viability. An individual's initial business plan
25 must be found feasible and financially viable in order for the
26 individual to be accepted into the program. Upon request, the
27 department is required to advise an individual as to resources
28 available in the state to aid in the development of a feasible,
29 financially viable, initial business plan. An individual
30 must have obtained any occupational certification or license
31 necessary to carry out the individual's initial business
32 plan prior to applying for the program. An individual must
33 also file a weekly claim for the self-employment assistance
34 allowance and provide a log of self-employment activities as
35 well as any other information required by the director of the

1 department of workforce development.

2 The bill provides that the requirements to receive regular
3 unemployment benefits relating to availability for work, active
4 search for work, refusal to accept work, and self-employment
5 income do not apply to an individual otherwise eligible to
6 receive a self-employment assistance allowance. The bill
7 provides that an individual who fails to actively engage in
8 self-employment assistance activities full-time is ineligible
9 to receive the self-employment assistance allowance for each
10 week such a failure occurs.

11 The bill provides that the maximum number of individuals
12 eligible for the program at any one time is equal to 5 percent
13 of the individuals receiving regular unemployment benefits.

14 The bill directs the director of the department of workforce
15 development to administer the bill in consultation with a
16 small business development center associated with Iowa state
17 university, business accelerators, business incubators, and
18 the John Pappajohn entrepreneurial centers. The bill also
19 directs the director to comply with the rules and policies of
20 the United States department of labor, where practicable, when
21 adopting rules to implement the bill.

22 The bill is void if federal authorization for the program
23 ends.